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The Development of Equalization and Assessment in Utah with Special Reference to the Assessment of Rural Lands in Cache County

Theodore R. Maughan

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A thesis submitted in partial fulfillment of the requirements for the degree of

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INTRODUCTION

Uniformity of assessments and equity in the taxation of all tangible property within the state has long been the ideal of the people of Utah, yet the history of equalization and assessment is replete with the effective blocking - by pressure groups - of the attainment of this ideal. Taxing officials, in general, and students of taxation, in particular, have repeatedly pointed out gross inequalities and rank injustices in our assessing system which should be corrected. But, selfish interest plus ignorance on the part of the taxpayer has permitted these abuses to remain in our taxing system. An accidental, hit-and-miss, guess method of assessing has developed. The taxpayer, not knowing of any system or of the employment of a uniform method, strikes out blindly at the assessor, the tax commission, and the county boards of equalization, seeking avoidance of his tax burden through underassessments, abatements, or remittances. Thus, to achieve equity in taxation, systematic methods should be substituted for the present methods of guess-work.

The purpose of this study is, first, to determine whether or not there are major tendencies in the present system of assessing real property in the state that have resulted in important departures from the intent of the law and not to point out minor variations from the standard of uniformity in assessment. Second, to determine the extent of these variations from this standard, to point out their probable consequences, and to ascertain what progress has been made in equalization and assessment during the past decade. And third, to develop a plan for assessing land which will fit into the present governmental institutions and which embodies certain fundamental principles for the appraisals of land for taxation purposes.

I. A HISTORY OF THE PROBLEM OF EQUALIZATION AND ASSESSMENT

The general property tax had its origin under the Provisional State of Deseret in 1849. Prior to that time the Church of Jesus Christ of Latter-Day Saints had provided the necessary functions that are usually performed by a civil government. The tithing collected by this ecclesiastic body created a fund to defray the costs of the necessary government at that time.

However, as the population of the territory grew, the Church found that it was inadvisable to perform these functions and recommended and sponsored the Provisional State of Deseret. The matter of providing revenue for this new government did not appear in the constitution and was apparently left up to the people.[1] In the charters granted to cities, however, authority was given to license, tax and regulate business in general, to tax real estate as well as other property, for the support of the schools, and finally to levy a poll tax.[2]

The members of the new state petitioned congress to admit Deseret into the Union, assuming, of course, the financial burdens going along with statehood.[3] When it was decided that instead of Deseret being admitted to the union it should be organized as the Territory of Utah, the people appreciated the financial aid promised to them by Congress under the territorial form of government.[4] In his first message to the Territorial Legislature on January 5, 1852, Governor Young recommended that taxes be cut to the minimum required for public expenditures, remarking that the federal government would bear many of the expenses under the new form of organization.[5]

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1. Utah Laws, 5th to 12th Sessions, p. 44.
2. Utah Laws, 1852, p. 110.
3. Utah Laws, 5th to 12th Sessions, p. 57.
4. Utah Journal - Joint Sessions 1852, p. 101.
5. Utah Journal - Joint Sessions 1852, p. 125.

Twenty thousand dollars had already been appropriated by congress for public buildings in Utah, and the Territorial Act provided that the expenses of the legislature and the salaries of the officers were to be paid by the national government.[1] At this time Governor Young recommended that an act be passed providing for county assessors and county collectors to collect, in money, the territorial tax, which had hitherto been collected in produce, as well as money, by city officers, the tithing office, and the auditor of public accounts.

The first act creating Territorial and county tax machinery was passed, February 4, 1852.[2] This tax measure provided for the popular election, for a 2-year term, and for a county assessor and collector whose duty it was to assess, at full cash value, personal property, money loaned or on hand, improvements on real estate, paid-up stock in corporations, merchandise, and franchises, or rights granted by the legislature to individuals. This act did not include a tax on general property, inasmuch as nearly all of the land in Utah at that time was public domain.[3]

The rapid growth of both population and taxable wealth necessitated a more comprehensive tax machinery which was more able adequately to handle the increasingly difficult problems. On January 7, 1854, the legislature adequately to meet these problems, provided a second revenue measure.[4] This measure provided that all taxable property should be assessed at its cash value. It also established the first method for equalization of assessments and for the remission of taxes. It provided an orderly method of making assessments, and it helped to centralize the tax machinery in the county courts. The taxing methodology, with a few minor changes that this

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1. Utah Laws, 5th to 12th Sessions. p. 112.
2. Utah Laws, 1852, p. 256.
3. Utah Compiled Laws, 1851-55, p. 130.
4. Utah Compiled Laws, 1885, p. 256.

measure introduced, has endured down to the present time. It provided that all taxable property in the territory should be assessed at cash value by a county assessor and/or collector, appointed by the courts, rather than elected by the people. It attempted to provide justice and equity in taxation by permitting the county courts to equalize assessments and establish county rates, at the March session of the court, and to remit delinquent taxes at the September and December sessions.[1] This act was the first legal requirement, in Utah, that tax lists be arranged alphabetically and that assessment forms be used in the appraising of property.

Between the years 1854 and 1888 the taxing officials were more concerned with the matters of collection than of assessment and equalization. The injustices and the inequitable situation, which were developing from the rapidly growing delinquency problem, were pointed out by William Clayton, Auditor of Public Accounts, in his report to the legislative assembly. After asking for tax relief for the assessors and collectors of Sevier and Piute counties, because of severe Indian depredations, he made the following statement, "... it is not the poorer classes, the mechanics, and those who earn their bread by a day's labor who are delinquent, ... but the capitalists, wealthy farmers, and men of ample means." To remedy the unjust condition that had developed, Mr. Clayton recommended that the responsibility of collecting delinquent taxes be clarified, that more responsible bondsman for assessors and collecters be required, and that the unequal valuation of property in different counties be corrected.[2]

Here Mr. Clayton touched upon the need for a central control in Utah which had been clearly evident before his time. That was for the counties habitually to underassess the taxable property within their jurisdiction.

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1. Utah Compiled Laws, 1855, p. 256.
2. Journal of Legislative Assembly, 1868, p. 66.

The territory was growing rapidly, both in wealth and population, yet the desire to escape a full share of responsibility for supporting the territorial government led the local officials to under-value the properties in their own counties to such an extent that reductions in the assessed valuations occurred every year. The territorial levy was fixed, and it was advantageous to the counties to reduce the assessed values in their own counties and increase the local mill levies, if need be, to supply the necessary local revenues. Governor Harding observed that,

> ...there has been a falling off in the value of taxable property within this territory in a single year of $252,666.00 and what is more remarkable, this apparent loss in Great Salt Lake County alone has been $140,280.00. Whilst on the other hand in the county of Davis there has been an apparent gain of $140,514.00. I shall not attempt to account for it here, but call your attention to the same merely adding that in the absence of great local calamities which affect in their nature whole communities, I doubt whether such an instance can be found in the history of any other people.[1]

No further mention of these abuses was made until Governor Murray urgently recommended to the twenty-fifth session of the legislative assembly that a joint committee be appointed "...charged with the duty of ascertaining what, if any property liable to taxation under the laws fails to pay, and what, if any, better method can be adapted for the more perfect equalization of assessments..."[2]

The legislature did not recognize the need for taxing reform at this time and disregarded Governor Murray's recommendations. Again in 1886, the Governor called attention to the problem which had grown into such proportions that the people were complaining about the unjust situation that had developed. In his message to the twenty-seventh session he made the following statement,

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1. Utah Journal, Joint Session, 1862, p. 15.
2. Council Journal of Legislative Assembly, 1882, p. 32.

> ...the present laws governing the assessment of property and collection of taxes are subjects of much complaint. There should be a territorial board of equalization organized... to equalize assessments throughout the Territory and to which appeals may be made from the decision of County and Municipal Boards. Laws requiring absolute equality in the assessment of every species of property should be passed for their guidance.[1]

Again the legislature disregarded Governor Murray's recommendations and failed to provide any of the necessary machinery for tax reform.

By 1888, the dissatisfaction resulting from an unjust distribution of the tax burden, coupled with the recommendations of Governor West, was sufficient to produce action. The Governor stated that,

> ...the question of raising revenue for the public needs is one that receives and requires much attention from all legislative bodies. The subject of taxation and how to equalize it, that every citizen may bear a just and equal proportion of the public burden, and no more, has commanded the wisest and best minds of every civilized state without attaining the desired result...Probably from no other source more evils occur, than from irregularities of assessment.[2]

The twenth-eighth legislature of the Territory of Utah passed an act creating the first Board of Equalization for the Territory. It consisted of 7 members and its work was entirely one of equalization. The members of the Board of Equalization were elected by a joint session of the legislature for a period of 2 years.[3]

The legislature in 1890 extended the equalization board for 2 more years. The members of the second board were nominated by the Governor and appointed, by and with, the consent of the council. They were given the power to raise or lower the assessed valuation of counties, but not to change the total valuation of the territory.[4]

Although the Board of Equalization had been working on the equalization

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1. Utah Journal, Council, 1886, p. 38.
2. Utah Journal, Council, 1888, p. 30.
3. Utah Laws, 1888, p. 49.
4. Utah Journal, Council, 1890, p. 30.

of assessments for 2 years, the Governor felt that equality had been far from accomplished by 1890. He declared, in his message to the legislative assembly that,

> ...the revenue law provides that property other than money shall be assessed at a fair cash value. The fact is, this requirement of the law has been practically ignored. I am of the opinion the fault is in the administration of the law by the local officers.
>
> The assessors have made the assessment upon an arbitrary basis fixed by themselves...and thus the taxes are not laid upon the fair cash value of the property taxed, nor is the assessment thereupon uniform and equal...there exists among many the belief that the present law, or the way in which it is enforced, does not permit of a close and correct assessment of taxable property.[1]

The legislature, in 1892, created a permanent board of equalization.[2] to its powers of equalization and supervision the power to make original assessments was added. The Board now had the power to help those assessors who were ready to accept central supervision. Additional authority was given to the board to prescribe the form of blanks and books to be used in the assessment of property. This power was most important in establishing the uniformity of assessment technique and permanency of taxing records. The Board adopted parts of the taxing methodology used in New York and Pennsylvania, viz, the property was listed in the tax rolls by lot, block, plat, section, and township, instead of the alphabetical listing of property which had been the practice since 1854.[3]

The main contributions this board made to Utah's taxing system, aside from its work of equalization and assessment, were the recommendations that the use of assessor's maps be made compulsory and that all assessment rolls, tax notices, tax receipts, etc., be furnished by the board so that they would be uniform and their use be standardized.[4]

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1. Utah Journal, House, 1890, p. 25.
2. Utah Laws, 1892, p. 20.
3. Utah Territorial Board of Equalization Report, 1892-93, p. 5.
4. Utah Territorial Board of Equalization Report, 1892-93, p. 5.

The framers of the Constitution of the State of Utah felt that theretofore the tax burden had not been equitably distributed among every class and upon all properties subject to taxation. In reading the debates of the constitutional convention, one gets the impression that the desires of the delegates were, (1) that all property should be subject to taxation, (2) that the burdens of government be equally and fairly felt in the State, (3) that machinery should be provided to assure just taxation throughout the state, and (4) that double taxation or the crushing of any industry by unjust burdens were to be avoided.[1] Delegate Anthony W. Ivins expressed the tenor of the convention as ably as any delegate in stating that,

> ...in the first place... there is no jest system of taxation. Many different systems have been tried in this and other nations, and there is not one among them all that is not subject to criticism and to serious objection. Four methods of producing revenue have been tried...first, voluntary contributions; second, tax upon capital or the accumulation of labor; third, a tax upon revenue; and fourth, a tax upon expenditures. In the first place we take it for granted that properly it is the duty of every citizen to contribute to the support of the state and its revenue in proportion to the ability that he has to do so.
>
> In our territory in the past - and probably the same will exist in the future - we expect to derive revenue from the accumulations or savings of labor, fron capital, from property accumulations. If this is the case ...no one will dispute...the fact that all accumulations of labor should be alike subject to taxation, that there should be no exemption, that all property which is used for the benefit of man, all property which is productive, ...should be subject to taxation, in order to provide revenue for the State...Therefore,...I shall vote for the taxation of all classes of property in order that the burdens of government may be equally and fairly felt in the State.[2]

As accepted the Constitution provided that,

> ...All property in the State, not exempt under the laws of the United States, or under this Constitution,

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1. Debates of Constitutional Convention, 1895, Vol. 2. passim.
2. Debates from Constitutional Convention, 1895, Vol. 2. p. 1088-1090.

> shall be taxed in proportion to its value, to be ascertained by law...The word property, as used in this article, is hereby declared to include moneys, credits, bonds, stocks, franchises, and all matters and things (real, personal, and mixed) capable of private ownership;[1] ...The legislature shall provide by law a uniform and equal rate of assessment and taxation on all property in the State, according to its value in money, and shall prescribe by general law such regulations as shall secure a just valuation for taxation of all property; so that every person and corporation shall pay a tax in proportion to the value of his, her or its property; Provided, that a deduction of debts from credits may be authorized; Provided further, that the property of the United States, of the State, counties, cities, towns, school districts, municipal corporations and public libraries, lots with buildings thereon used exclusively for either religious worship or charitable purposes, and places of burial not held or used for private or corporate benefit, shall be exempt from taxation. Ditches, canals and flumes owned and used by individuals or corporations for irrigating lands owned by such individuals or corporations, or the individual members thereof, shall not be separately taxed so long as they shall be owned and used exclusively for such purpose.[2]...The Legislature shall not impose taxes for the purpose of any county, city, town or other municipal corporation, but may, by law, vest in the corporate authorities thereof, respectively, the power to assess and collect taxes for all purposes of such corporation.[3] ...The rate of taxation on property, for State purposes, shall never exceed eight mills on each dollar of valuation;...and whenever the taxable property within the State shall amount to three hundred million dollars, the rate shall never thereafter exceed four mills on each dollar of valuation; unless a proposition to increase such rate...be first submitted to vote of such to the qualified electors of the State as, in the year next preceding such election, shall have paid a property tax assessed to them within the state,[4] ...All corporations or persons in this state, or doing business herein, shall be subject to taxation for state, county, school, municipal or other purposes, on the real and personal property owned or used by them within the territorial limits of the authority levying the tax.[5]

The constitution also provided for state and county boards of equalization to "equalize" and "adjust" the valuation of property within and between the several counties.[6]

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1. Utah Constitution Article 13, Sec. 2.
2. Utah Constitution, Article 13, Sec. 3.
3. Ibid., Sec. 5.
4. Utah Constitution, Article 13, Sec. 7.
5. Ibid., Sec. 10.
6. Utah Constitution, Article 13, Sec. 11.

It should be noted that the Constitution, as adopted, made it unconstitutional to pass any law classifying property for the purposes of applying different "effective tax rates." It also prevented the exemption of any class of property so that an effective income tax could be adopted. Section 7 limited the amount of revenue which the state could expect to derive from the general property tax, and Section 10 made it unconstitutional to separate the sources of revenue for state and local purposes.

The young state immediately found itself in financial straits, through the added expenses that necessarily accompanied statehood. Governor Wells made several recommendations to the legislature which are of interest. In order to facilitate the collection of taxes and do away with tax anticipation notes, he recommended that the collection of taxes in semi-annual installments be authorized. To ease the burden of the increasing burden of taxes on property he suggested that the legislature authorize a moderate inheritance tax to be paid by wealthy estates in probate and that the state tax the sale of liquors which, up to that time, had been taxed solely by cities and counties.[1]

By 1901 the young state had learned to toddle in a financial way. It had partially solved the problem of obtaining the sufficient revenue to meet the demands of the young government yet the problem of distributing these burdens equally had not been solved. Governor Wells, in his message to the legislature illustrated this inequality in the following way:

> ...Merchandise and trade fixtures in the State were assessed in 1900 at $5,050,266.00; three mercantile houses in our capital city have constantly on hand more merchandise than that. Livestock is assessed at

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1. Public Documents, 1897, pp. 9-11.

> $8,600,000.00; the government census will show that it is worth $23,000,000.00. Railway, car, depot, street railway, telegraph and telephone companies are assessed at $13,564,760.00; it is safe to say that this class of property is worth three times the amount of the assessment... There are iniquities in the assessment of real estate as relates to the respective counties. While none of them are assessed too high... many of them are unreasonably low. The remedy for these inequalities does not perhaps devolve upon the legislature, as the law on the subject may be said to be ample if properly enforced.[1]

The increasing demand for revenue, between 1900 and 1920, was not due to extravagance, graft, or wastefulness on the part of governmental agencies. It came as a necessary part of the increasing demand for public services created by an ever-expending economy in Utah. This increasing demand for greater revenue effected a number of attempts at tax reform. It was evident from the recommended reforms that Utah had fallen far short of achieving the ideal of equitable and just taxation: That a large amount of taxable property was escaping the payment of taxes, and that the taxing machinery was not keeping pace with the growth of taxable wealth or the growth of the public services provided for by the state during this period. In his message to the legislature in 1903, Governor Wells recommended that more stringent legislation be enacted to compel county commissioners to have maps prepared for use by the county assessors.[2] Governor Cutler's message to the legislature was a reiteration of the former governors' messages, namely, that the state laws required a full cash valuation of property and that the ideal of uniform treatment in tax matters was far from being reached. He observed that the assessed valuation of all property within the state amounted to one-third of the real value of all assessable property as tabulated in the statistical abstract, hence, it was "...very apparent that the property valuations

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1. Public Documents, Governor's Message, 1901, p. 14.
2. Public Documents, Governor's Message, 1903, p. 41.

for the purposes of taxation, are ridiculously low."[1] Governor Cutler, however, made an important contribution to the taxing system in recommending that "...the term of office of county assessors be increased to four years, in order to allow them to become more thoroughly acquainted with the duties of their offices."[2] Prior to that time the term of office for the assessors was 2 years. The seventh legislature, however, disregarded Governor Cutler's recommendation and refused to increase the term of office for the assessors.

It was not until 1910, however, that the tax reform movement had any appreciable momentum. The report of the Utah State Board of Equalization was filled with urgent requests for changes in the tax laws. To remedy the "woeful lack of uniformity in taxation," the Board of Equalization states;

> It is now...absolutely imperative that the revenue laws of this State be not only revised but almost wholly reconstructed, and for that purpose we urge such early action ...as in your best judgment may seem requisite. We strongly recommend the enactment of a law creating a commission to fully collate, revise, codify, and practically build over, our revenue laws.[3]

To the ninth session of the legislature Governor Spry recommended that an amendment providing for the semi-annual collection of taxes be adopted and that resolutions be passed submitting to the people amendments to the state constitution, permitting revision of the taxing system.[4]

The legislature, following the recommendations of Governor Spry and the State Board of Equalization, created a commission to investigate the tax system and tax laws of other states, with the view of correcting the laws of this state, and to report the results of their investigation and

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1. Public Documents, Gov. Message, 1907-08, p. 5.
2. Ibid., p.11.
3. Utah State Board of Equalization Report, 1909-10, p.10.
4. Utah Journal - House, 1911, p. 21.

embody their recommendations in a general revenue bill covering the whole subject of revenue and taxation.[1] The findings of this committee was embodied in a plan of taxation and presented to the people along with 4 proposed amendments to the state constitution. To the amazement of everyone who had worked for a more fair and equitable system of taxation the people voted down the proposed amendments.

Governor Spry in commenting on the election stated,

> In every Executive message to the legislature since statehood attention has been called to the inadequancy of our laws and the laxity of their application in effecting throughout the State a uniform and equal taxation in proportion to the value of individual and corporate holdings. Special stress was laid upon this subject two years ago...and the matter was strongly urged upon the legislature as an object worthy of its careful consideration. The legislature investigated the subject thoroughly and concurring in the recommendations passed the required resolutions for submitting the proposed amendments to the vote of the people,...
>
> Through a compaign of perversion, misrepresentation, and self-interest on the part of certain individuals and corporate interests, who saw in the adoption of the amendments a certainity that they would be brought to bear an equal burden of the taxation of the State, the proposals were lost, and, aside from the advantage of possessing the comprehensive report of the State Board of Revenue and Taxation, which is seriously limited because of the defeat of the amendments - upon the adoption of which was based very largely their research and planning - you find yourselves very much in the same position, which previous legislatures have found themselves, viz., perfectly cognizant of the fact that inequality, if not rank injustice, permeates our taxation system, yet without the power to do what is universally recognized should be done.[2]

Governor Spry went on to point out that one of the greatest "iniquities of the taxation system" was that it permitted intangible property to escape taxation entirely while "visible property fell under a heavy burden of taxation." Governor Spry also believed that the system

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1. Utah Special Tax Commission Report, 1913, p. 5.
2. Public Documents, Governor's Message, 1911-12, p.8.

of assessing was unfair to all concerned and recommended that this condition be remedied. He stated, "The local assessors are practically the sole arbiters of individual obligations of citizenship insofar as those obligations involve responsibility in producing revenue - a condition that never should be permitted to prevail."[1] However, the legislature interpreted the defeat of the proposed tax revision as a mandate from the people to leave the revenue laws alone, and no amount of prodding from the Governor or the other taxing officials could bring about action from the legislature for the time being.

Governor Spry was not discouraged by the set-back which taxing reform had received in the defeat of the amendments and continued to fight for tax reform. In 1915, in his message to the legislature he stated:

> As a prime requisite to insuring greater efficiency in the administration of our taxing laws, I again urge an amendment to the law through which the terms of office of County Assessor and County Treasurer will be extended from two to four years...
>
> In the interest of effecting uniformity in taxing methods and promoting equality in assessments, I urge a centralization of taxing powers and believe that the appointment of assessors by the State Board of Equalization - a non-partisan board - will work to this end.[2]

The legislature, however, remembered the vote of the people in 1913 on taxing reform, and many people throughout the state believed that the local government should be more or less independent of the state government and opposed the centralization. As a result, Governor Spry's recommendations regarding tax reform again met defeat in the legislature.

The legislature, however, submitted to the people, on the recommendation of the Governor and the Board of Equalization, a constitutional amendment providing for the classification and the taxation of mines on

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1. Public Documents, Governor's Message, 1911-12, p. 8.
2. Utah Journal, House, 1915, p. 33.

a basis of "Three Times the Net Proceeds."[1] This amendment was designed to accomplish several of the objectives which the defeated amendments had tried to reach, i.e., this amendment was designed to achieve a fairer taxation of the mines through a centralization of the assessment powers in the state body and a more equitable classification of mining property.

Again the pressure groups that had defeated the tax amendments in 1913, which Governor Spry referred to, opposed the adoption of the new amendment, and little could be done in support of it. The Governor and the Board of Equalization staunchly and unwaveringly fought for the amendment, but they were severely criticized for their course of action.

The amendment was defeated in the following election of 1916, and the champions of tax reform gave up every semblance of the fight. The State Board of Equalization wrote, "The people have spoken and we do not feel it incumbent on us to take up the responsibility of the fight."

Immediately after being elected, Governor Bamberger took up the cudgels for tax reform. He believed that the scheme of taxation that Utah had at that time was wholly inequitable and recommended that,

> Intangible property...be assessed at a higher valuation than at present. Certain public service corporations hold valuable franchises which are clearly taxable under the law. Valuation of public service corporations should be based on their earning power, rather than on physical assets...that the legislature submit to the people...a resolution amending the Constitution to provide for the assessment of mines and mining property at a valuation not to exceed three times the net proceeds.[2]

Governor Bamberger believed that the poor man was bearing a disproportionately large share of the burden of taxation. To remedy this condition and place the burden of taxation upon those with a greater

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1. Utah Laws, 1915, p. 269.
2. Utah Journal, House, 1917, pp. 17-19.

ability to pay, he recommended that "...an amendment to the constitution be submitted (to the people), empowering the Legislature to exempt homes and homesteads from taxation, in a reasonable amount."[1]

Of the numerous tax reforms which Governor Bamberger sponsored, the only one of any importance adopted was the resolution pertaining to the taxation of mines. This resolution was submitted to the people in the form of a constitutional amendment, and in 1918 the people accepted it at the polls.[2] The legislature, in 1919, provided by law the manner of assessment of mines and in the same act required a re-classification of all real estate.[3] The State Board of Equalization instructed the various county officials to make a re-appraisal of the real estate while the re-classification was being made. It was found that one of the greatest taxation inequalities that existed at that time was caused by the unequal instance of assessment and that a great deal of land had escaped taxation.[4]

With the post-war deflation, and the consequent drying up of the tax sources, came ever-increasing demands for heavy appropriations to support and expand the highway and educational systems on the one hand; while on the other came powerful pressure for tax relief and economy. By 1922, the appropriation for the district and high schools alone had increased 100 per cent, and the appropriation for road purposes had increased 324 per cent over 1919.[5]

As a result of the general economic and political conditions existing in Utah at that time, Governor Mabey's policy was one of retrenchment

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1. Utah Journal, House, 1917, pp. 17-19.
2. State Board of Equalization and Assessment, 1919-20, p. 6.
3. Ibid.
4. Ibid.
5. House Journal, Governor's Message, 1923, pp. 13-18.

and curtailment. His policy was summed up in his opening address to the legislature in 1921:

> It should be remembered that these are sombre times. It is admitted that the chief idea of representative government is to grow. But there comes a period in every well-ordered political unit when it must take stock of its condition before it branches out into new fields. The prudent leader...makes his advances, then halts his forces and consolidates his gains. At this moment civilization is consolidating its gains. It is a breathing space, not a retreat. Reduction of space is not reactionary; sanity is not retrogression.[1]

Although Governor Mabey's policy was one of retrenchment and although he did not sponsor attempted tax reforms, some important work in improving taxation was done during his administration. The pressure of the two opposing forces, those of economy and the increasing demands for larger funds, resulted in the creation of a special tax commission.[2] The commission's duties were to inquire into various proposals for tax legislation and to make recommendations as to the "policy or necessity of providing an income tax, a classified property tax or any other system of taxation which might be condicive to the equitable distribution of the burden of taxation and to afford adequate revenues to the State."

After a detailed and exhaustive study of the State's taxing system, along with the systems of taxation of other states, this commission proposed the adoption of various plans of taxation which it believed would rectify most of the serious inequalities in Utah's system of taxation. These proposed plans were as follows: (1) a personal income tax, (2) a corporation income tax, (3) a classified property tax, (4) a limitation of the local tax levies, (5) the imposition of a gasoline tax, and (6) an amendment to the statutes governing the taxation of banks.[3]

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1. House Journal, Gov. Message, 1921, p. 19.
2. Utah Laws, 1921, p. 373.
3. Special Tax Commission Report, 1922, p. 35.

These proposals formed the basis of the constitutional amendments which were submitted to the people. And like the other proposals to amend the constitution, these failed at the polls, But unlike the work that was done by the former tax commission of 1913, the state not only had a good report of the taxing system of Utah, but the majority of the proposals were subsequently incorporated into the revenue laws of the state.

"We are between two millstones", wrote Governor Dern in 1925, "the overwhelming demand of taxpayers for tax reduction, and the insistent urge of organized groups for additional expenditures... The people are crying out against the burden of taxation. The only immediate relief is the expenditure of less money."[1] Thus it seems that Governor Dern inherited the dilemma of his predecessor and he chose the way of economy, remembering the vote of the people on tax reform in 1922. He stated that these proposals were "so decisively defeated at the polls as to leave very little encouragement for its re-submission."[2] Although Governor Dern chose economy as an "immediate relief" for the tax-payers, he held out the hope that the system of taxation in Utah would soon be changed, stating, "Wise legislation and just administration will encourage developments; and developments, in the ultimate, should afford tax relief by a wider distribution of the Burden."[3]

The crusade for tax reform soon arose like a phoenix from the defeat which it suffered in 1922. The fight for awhile was carried on by the State Auditor and the State Board of Equalization. The State Auditor pointed out that were injustices developing in our taxing system through the non-payment of taxes after they were assessed and recommended the

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1. Utah Journal, House, Governor's Message, 1925, p. 11-15.
2. Ibid.
3. Ibid.

general tightening of the tax titles to rectify this situation.[1]

The State Board of Equalization, in commenting on this condition, stated that, "The burden of taxation, increasingly felt, can be relieved in one or more of three ways, first, discontinue some of the things we are doing; second, adopt methods of doing what we do at less cost; third, (reach) forms of wealth which now escape taxation."[2] The Board elaborated a great deal on the third method and suggested the appointment of another tax commission to study the taxing systems of the various states and to try to convert the skeptics that practical system could be worked out to "accomplish the desired results."[3]

These recommendations, made so soon after the defeat of the proposals of the Special Tax Commission in 1922, received no support. Political expediency forbade the Governor or the legislators actively supporting these recommendations at that time. However, in 1927, after reviewing the evils and inequalities in the revenue laws, Governor Dern suggested that, "If the present system is to be retained and these inequalities are to be corrected, greater powers should be conferred upon a central authority."[4] The legislature, nevertheless, seemed to remember the election of 1922, and nothing was done toward tax reform.

By 1929 the pendulum had swung back for tax reform. The movement was ably headed by Governor Dern, and in his message to the legislature he discussed at great length the requisites of a sound tax system. He pointed out that perhaps one of the cuases of injustices in the tax laws from which the people of the state were suffering was that,

> ...instead of laying down certain broad, general principles, our Constitution is so full of tax

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1. Public Documents, Report of State Auditor, 1924, Vol. 1, p. 18.
2. State Board of Equalization Report, 1925-26, p. 5.
3. Ibid., p. 9.
4. Governor's Message, 1927.

> legislation that the legislature is hedged with restrictions, and does not have a free hand in remedying present evils of supplanting the present system with one better suited to the conditions of the time.[1]
>
> The remedy, (said Governor Dern) appears to be to classify property and to tax different classes at different rates according to ability to pay... In actual practice, however, classification does not always produce increased revenue, although it enhances equity. From the standpoint of giving the Legislature sufficient latitude to enact measures designed to equalize the tax burden, the re-submission to the electorate of a proposed constitutional amendment authorizing classification seems desireable.[2]

The members of the eighteenth legislature fell all over themselves in getting on the band wagon of tax reform. During the course of the session more than thirty taxation and revenue measures were introduced.[3] Ranging from a revision of the State Constitution to luxury taxes, these bills covered every tax proposal that had been presented since statehood. However, the despairing diversity of opinion among the members of the legislature effectively circumvented the passage of any important tax measure.

This legislative jam, plus a real desire on the part of the legislators to correct some of the "iniquities" in Utah's taxing system, resulted in the appointment of a legislative tax committee whose duties were practically the same as those of the preceding "special tax commissions", viz., to inquire into various proposals for tax legislation and to make recommendations which might be conducive to the equitable distribution of the burden of taxation and to afford adequate revenues for the State of Utah.

This committee, profiting from the experience of the preceding committees,

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1. Governor's Message, 1929.
2. Ibid.
3. Salt Lake Tribune, Feb. 25, 1929.

or being more sapient, politically, sent a general invitation to the pressure groups who had been largely responsible for the defeat of the various proposed constitutional amendments before, to submit proposed plans of tax reform. The results are interesting. Each group's contention was that they were overburdened with taxation and this burden should be shifted on to some other group. Rolland A. Vandergrift, speaking in behalf of the metal mining industry, observed that,

> Taxes may be too high on an individual or group of tax payers as compared with others. This may be due to unequal assessments or unequal tax rates. Both of these causes exist in an aggravated form in Utah ... some groups...think their taxes too high because they do not have the facts to determine tax incidence or relative burden. This feeling of unequal burden is frequently a state of mind. In Utah it appears that a number of groups have this feeling.[1]

Mr. Vandergrift went on to prove that the mining industry was the "enlightened" group and that the rest of the property in the State was relatively undertaxed when compared with the tax burden of the mining industry.[2] The theses of the other groups were much the same.[3]

However, all groups agreed that the tax administration and some of the tax laws of Utah were poor and that assessments in particular were unsatisfactory and equalization inadequate, so that unequal tax burdens and unnecessarily high tax rates existed. They were also of an unanimous opinion that the administration of all taxes should be centrally located.[4]

After an intensive study of the tax problem the legislative committee summarized as follows the causes of the iniquities in Utah's taxing system:

1. Inequality of property valuation.

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1. Economic and Tax Survey of Utah, August 20, 1929.
2. Ibid.
3. Legislative Tax Committee Report, 1930, pp. 24-37.
4. Ibid.

2. Lack of uniformity in the interpretation and application of tax laws by the officials of the several taxing units.
3. Escape of all forms of intangible property and income.
4. Competitive lowering of valuations.
5. Exemptions not in accordance with the law and not justified.
6. Delinquencies.[1]

To rectify the prevalent iniquities of Utah's taxing system the committee recommended that the governor call a special session of the legislature for the purpose of submitting to the voters of the state the necessary constitutional amendments, based on the findings of the committee, which had to be passed before a complete tax plan could be put into operation.[2] The recommendations made by the commission were an elaboration of 4 principles of equitable taxation, viz: First, that all tangible property should be taxed at uniform rates throughout the jurisdiction of the authority levying the tax. Second, All business done for profit should be taxed at a moderate uniform rate upon the net income of the business done within the state. Third, all residents of the state having taxing ability should pay direct personal income tax, at moderate, graduated rates. And fourth, centralized administration should be provided with adequate authority to supervise the entire tax system.[3]

The constitutional amendments which were submitted to the people by the special session of the eighteenth legislature in 1930, and subsequently adopted in the general election, embodied all of the principal recommendations of the Tax Revision Commission.[4] These amendments created a State Tax Commission which superseded the State Board of Equalization

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1. Legislative Tax Committee Report, 1930, p. 39.
2. Ibid.
3. Ibid.
4. State Tax Commission Report, 1931-32, p. 7.

and assumed all of the duties and functions of that board, together with many others which were added by the legislature of 1931, namely, the State Tax Commission was required to administer and supervise the special state taxes, the income tax and the corporation franchise tax. Also its duties with respect to the administration of the property tax were greatly increased.[1]

The Tax Commission was organized in April 1931, and immediately started a preliminary investigation to determine what inequalities existed in the assessment of property within the State. From the preliminary surveys made, the Tax Commission determined that "improvements, houses, buildings, etc.," constituted the largest class of property, in the assessment of which, inequalities existed susceptible to correction by the adoption of a common standard of measurement and valuation.[2]

The first systematic appraisal of buildings and improvements was made in Rich County. The Commission chose Rich County as the first subject of the test appraisal because its size permitted the completion of the job within a comparatively short time, and because the preliminary survey indicated such a need for revaluation that the local authorities and many of the inhabitants were eager to see it undertaken.[3]

This revaluation of improvements, which constitute a tremendously large bulk of the tangible property in Utah, was rapidly expanded into several other counties of the State. Although this work resulted in a very small change in the total assessed valuation, many increases and decreases in the assessment of individual items were involved.[4] The Tax Commission admitted that the method of appraisal that they were using

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1. State Tax Commission Report, 1931-32, pp. 5-9.
2. Ibid., p. 14.
3. Ibid., p. 15.
4. State Tax Commission Report, 1931-32, p. 16.

would not "necessarily arrive at a figure which could be said to be true value."[1] But, they contended, it will arrive at a uniform basis of valuation which can be adjusted as market and other conditions warrant.

The preliminary survey and the work of revaluation brought to light many rank discriminations in the assessment of improvements. These inequalities in assessments were usually unintentional, the product of a system, but many of these disparities were knowingly made for the purpose of securing an advantage for a particular taxpayer. When commenting upon this situation the Tax Commission observed that "the natural tendency of locally elected officials to yeild to the importunities of influential citizens in the community has been apparent, particularly so during an election year."[2] These circumstances convinced the Tax Commission that a substantial improvement in the methods of assessment could be attained by removing the assessor from local influence and giving him a permanency of office which would enable him to become expert in his duties. They suggested that the office of county assessor be abolished and that an assessing force be created, selected for ability and qualification, not subject to the vagaries of political chance, which could not fail to result in substantial improvement in assessment.[3]

However, county officials, through the Legislative Committee of Utah County Officials and through political prestige within their respective counties, plus alarm on the part of the taxpayer, too much centralization of tax control in the State Tax Commission, and a real desire for the maintenance of the local governments on the part of the voters, have effectively blocked this recommendation being put into operation.

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1. Ibid., p. 17.
2. State Tax Commission Report, 1933-34, pp. 13-15.
3. State Tax Commission Report, 1933-34, pp. 13-15.

While the immediate problem of taxation which the State Tax Commission has to deal with is the making of the original assessments of property which it is required by law to assess, the most difficult and far-reaching responsibility is the control which the Commission is required to exercise over the assessment of property by county assessors and the equalization of this property by county boards of equalization.[1]

The assessed valuation of approximately 43 per cent of the total assessed valuation of the State is determined in the original instance by the State Tax Commission. But it is also required to be responsible for the final valuations fixed on all property within Utah. It must equalize the assessed valuation of all these assessments made locally in each county so that "the final result will be a reasonable and equitable base for all property assessments throughout the State."[2]

The policies of the State Tax Commission have resulted in several far-reaching changes in the administration of Utah's tax system. Instead of waiting until an assessment has been made by an assessor and equalized by the county board of equalization before a final adjudication is made as to value, the policy of the Commission is to plan the work in advance and apply it on a uniform basis throughout the taxing unit. While this method of approach to equality in taxation has not worked with complete effectiveness, still "...it has operated far more successfully than the plan in operation the time that the State Board of Equalization and Assessment was in operation."[3]

The law creating the Tax Commission gave it the power to change any individual assessment made by any county assessor and equalized by any

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1. State Tax Commission Report, 1937-38, pp. 14-15.
2. Ibid.
3. State Tax Commission Report, 1937-38, p. 16.

county board of equalization. Under the law in effect while the State Board of Equalization and Assessment was in charge, it had no authority to make any change in its individual assessments even though it found major inequalities in such assessments. The Tax Commission has made numerous reassessments of property wherever it appears that an injustice has been done. But, however, it is very unlikely that many underassessments of property have been brought to their attention. The method adopted by the Tax Commission not only saves time and money, but, in the opinion of the Tax Commission, brings about a more nearly fair basis of assessment and protects the interests of the taxpayer, because it is practically impossible to carry on an effective equalization late in the year when the time is so limited that the operation of any equalization plan is necessarily controlled by the time factor.

The Tax Commission has revalued all of the improvements and buildings in Utah and the real estate in Salt Lake City and Ogden have been revalued, in applying this plan, but as yet, little work has been done in reappraising rural lands.

II. RELATIVE IMPORTANCE OF THE GENERAL PROPERTY TAX

During the last past decade a very significant trend has been shown in the amount of taxes that are charged against general property throughout the state. During this period, beginning with the tax revision program in 1931, there has been a material reduction in the taxes charged against general property, whereas the special taxes have been increasing in relative importance. The general property tax is, however, still the major source of revenue for the state and local purposes in Utah. Special taxes, fees, licenses, etc., amounted to less than 41 per cent of the total taxes levied in 1939. General property taxes, as shown in table 1, were, in that year, more than 59 per cent of all taxes levied.[1]

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1. Taxes levied and taxes collected may be entirely two different amounts; in Utah, as of June 30, 1936, approximately $7,200,000.00 of taxes levied prior to 1936 were delinquent. However, since 1936, as a resultant of the educational program sponsored by the State Tax Commission and the application of the recommendations from the Study of Tax Delinquency, the major portion of these delinquent taxes have been redeemed. There is very little delinquency in special taxes. (cf. Report of Tax Delinquency, 1936 and 1939.)

Table 1. Taxes levied in Utah, 1927-1939.

Year	Taxes in thousands of dollars			Per Cent		
	Total (a)	General Property (b)	Special (c)	Total	General Property	Special Taxes
1939	$29,467	$17,547	$11,920	100	59.5	40.5
1938	29,316	17,724	11,592	100	60.5	39.5
1937	27,510	16,652	10,858	100	60.5	39.5
1936	25,218	15,689	9,529	100	62.2	37.8
1935	25,479	17,427	8,052	100	68.4	31.6
1934	24,429	17,483	6,946	100	71.6	28.4
1933	21,650	17,489	4,161	100	80.8	19.2
1932	23,108	18,326	4,782	100	79.3	20.7
1931	23,908	19,676	4,232	100	82.3	17.7
1930	26,351	21,470	4,881	100	81.5	18.5
1929	24,860	21,283	3,577	100	85.6	14.4
1928	23,692	20,003	3,689	100	84.4	15.6
1927	23,426	20,192	3,234	100	86.2	13.8

(a) Does not include profits from liquor sales, fees from universities and colleges, teacher retirement contributions, rentals from state lands, interest on state monies, royalities from mineral lands, local licenses, fees, etc.
(b) State Tax Commission Reports, 1931-1939, passim.
(c) State Auditor's Reports, 1927-1939, passim.

III. CENTRALIZATION OF TAX CONTROL

Any plan which the county and/or state may adopt in correcting inequalities in assessments should embody these criteria, viz., the system should be simple; it should establish uniform methods and rules; and it should strive for uniformity of treatment and full valuation of properties. The administration should be centralized under a central administrative body with the personnel selected on the basis of ability and given a reasonable permanency of tenure of office.

The objection which may be raised in some quarters is that the centralization of tax control in a state body is violative of the principle of local government. This objection cannot be sustained by the elementary principles of political science, for the power to levy taxes inheres only in the sovereign. The state is sovereign, and its subdivisions have no taxing power except such as are expressly granted to them by the state, pursuant to Article 13, Section 5, of the State Constitution. Consequently, there can be no such thing as the State encroaching upon the rights of its subdivision in the matters of taxation.

IV. FUNDAMENTAL PRINCIPLES FOR APPRAISAL OF LAND FOR TAXATION PURPOSES

Taxing authorities[1] have set up certain criteria or fundamental principles for appraisals of land for taxation purposes. These are as follows:

(1) The determination of net income as a basis of land values is prevented first, by the fact that accurate and reliable information can seldom be secured because, (a) in thousands of cases the property has been recently inherited or purchased, (b) thousands of owners keep no books, and (c) many of the property owners are non-residents of the particular taxing authority. Second, the great inequalities in assessment of adjacent properties would result as uniformity would be neither logical nor desirable; this would tend towards graft and corruption of the assessor and discontentment on the part of the taxpayer. And third, such a method would be cumbersome and costly; it would necessitate the employment of a large army of investigators and valuators. Its very particularity in the hands of so many deputy assessors would destroy its homogeneity and result in its undoing.

(2) The size of the undertaking and the limited time require the establishing of uniform methods and rules which reflect average conditions.

(3) The simplification of procedure is desirable in order to make the system of assessing understandable to the ordinary taxpayer and to assure the continuation of the system established.

(4) Full valuation as a bias for assessment is necessary as compared

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1. National Board of Real Estate Appraisers, Real Estate Appraisal, 1936, passim.

with a percentage of full valuation. Inequalities and inaccuracies from assessments based on percentage valuation occur, since errors easily creep in.

(5) The purpose, taxation, and the value required by statute, establish a viewpoint which must be kept in mind at all times.

(6) Uniformity of treatment is the aim of an appraisal for taxation, rather than detailed accuracy.

V. PROPERTY REQUIRED BY LAW TO BE TAXED UNIFORMLY

The constitution of the State of Utah provides that all property shall be taxed in proportion to its value, which is to be ascertained as provided for by law. The Constitution also provides that the legislature shall fix a uniform and equal rate of assessment and taxation on all tangible property in the state according to its value in money. It is stipulated that all tangible property must be assessed at its full cash value.

It is frequently found, however, that the assessment of property at its full value and the assessment of property at an equal and uniform rate are incompatible at times. Without a doubt, the assessors of Utah are often confronted with the problem of which of these criteria of equitable taxation should take precedence. This question has been settled by the supreme courts of many states and by the United States Supreme Court, and it has been held without exception that the prime consideration in the assessment of property is uniformity and equality. In the case of the Continental Bank V. Naylor, County Treasurer, the Supreme Court of Utah held that, "The proposition is incontrovertible that, under the Consitution and laws above cited, taxation should be uniform upon all property within the jurisdiction of the authority levying the tax."

The practice of the State Tax Commission of Utah has been to instruct the assessors of the several counties to consider full cash value as of secondary importance to uniformity in assessment. They have held that,

> Not only must properties be assessed uniformly, but they must be assessed at values which are consistent with all other assessments so that there will be a proper relationship between the assessments on the properties in question and all other assessments throughout the State. If this uniformity of assessment is carried

> on, the problem as to full cash value of the assessment will be of secondary importance...it is difficult and often impossible to determine the full cash value of property, it is not impossible for the assessor to assess all property upon a reasonably uniform basis even though the valuation which he places may not precisely be the full cash value.[1]

The foregoing citations leave no doubt as to the intent of the law or to the Tax Commission's policy in the administration of the law. When a tax upon tangible property is used as a source of revenue justice demands that the assessment be made upon a uniform basis. Since it is difficult and/or often impossible to determine the full cash value of every piece of property within a taxing district, a reasonably uniform ratio of assessment to full cash value would satisfy the spirit if not the letter of the law.

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1. Assessor's Handbook, Utah State Tax Commission, 1939.

VI. A PROPOSED PLAN FOR ASSESSING RURAL LANDS

The following is a method of assessing farm lands which is believed would fulfull the above criteria and which could be adopted by the county and/or state, without too much friction or modification of the present governments:

Valuation of Farm Land. The following are commonly enumerated as the principal elements affecting the value of farm land: (a) kind of soil, including subsoil, (b) producing capacity, (c) contour of the land (susceptibility to erosion, adaptability to cultivation, drainability, etc.), (d) state of cultivation, (e) noxious weeds, (f) location with respect to markets, schools, churches, trading centers and roads, (g) character of roads in the region, (h) water rights.

The task of the assessor is to give these and any other factors their correct relative weights and to judge their dollar-value, in order that his appraisals will bear a consistent relationship to the market values of the land.

Nature of Soil Type Ratings and Their Use in Assessing. The use of soil maps and of soil-type ratings is suggested in arriving at the assessed value of farm land. While soil survey maps have been published for parts of the state, some of these are obsolete and would require the services of a soil scientist to correct the maps and provide the necessary additional information that would be required. The state could easiest employ such a person, however, though it is not beyond the reach of the majority of the large counties. As this information was supplied, ratings could be made with the realization that they are subject to revision. This process of change and refinement would continue, but the rating figures could continue to be used to an advantage in the assessment of rural lands.

On a rating-map the figure assigned to each soil type is intended to indicate its average inherent capacity to produce the general farm crops, in comparison with the capacity of the other soil types in the area when farmed in the manner common to the region.

The ratings of soils are based on yielding capacity without fertilization of any kind. Some soils respond better to good farming than do others. That is, they have greater capacity for response than do others, but this capacity is not realized in greater yields until these improved practices are put into effect. The preparation of a rating-map of a county is possible only after a soil-map has been made and is justified for certain purposes, because it makes the facts already collected and shown on the soil map more easily interpreted by many people.

Both soil-maps and rating-maps have certain limitations, however. Since effective use of rating-figures or rating-maps is dependent upon an understanding of their limitations, the following considerations should be kept in mind in using either rating-figures or maps as an aid in arriving at a fair judgment of land values:

(1) The rating-figures are intended only as expressions of relative producing capacity and not as expressions of money value. However, since producing capacity is an important consideration in arriving at money value the rating-figures should be a help in avoiding unreasonable judgments regarding value.

(2) The rating-figure for a given soil is the average for that soil wherever it occurs in the areas, but applies only to that soil when unfertilized and farmed in the manner common to the area. That is to say, a certain field of a given soil type might be more productive, if unusually well farmed, than the rating indicates, However, this increased producing capacity would not be maintained if poor farming should take the place of

good farming, and therefore is likely to be a temporary condition which clearly cannot be reflected in soil-type ratings.

(3) The rating-figures do not take into account present plant cover. In other words, the presence of brush or any other kind of vegetation is not considered to influence the inherent producing capacity of a soil, though it does influence its value for agricultural purposes.

(4) The producing capacity of a soil-type varies between certain limits. This is necessarily the case, otherwise the number of soil types would be so large as to be beyond the capacity of anyone to carry them in mind.

Conversion of Land Classes Into Land Values. After the rating map has been developed, the assessing officials would necessarily be faced with the problem of combining this soil classification with a classification of water used on the land. After these two factors are combined and classified it is necessary to translate these more-or-less unchanging classifications into the current local dollar-value of land.

The central rudiment of the idea is to get a non-dollar rating which reflects the relatively unchanging basic valuation and which can be turned into dollar valuations for one date after another as the changes in the price level occur.

The method of procedure at this point might be for the county assessor to arrange for a county-wide group meeting to arrive at a tentative basis for putting dollar valuations on different land classes. At such a meeting it would be well to have the services of the best qualified persons in the county to help determine the relative current market values of the different grades of land. This group should include, aside from the assessor and his deputies, some outstanding farmers of the area, possibly the secretary of the National Farm Loan Association, one or more

representatives of mortgage and loan companies, and other public-minded citizens who would have a keen interest in seeing an equitable assessment of farm lands made. Thus, a background of familiarity might be obtained as to the relative values to put on land of different classifications. Such a meeting would be called as a basis not for saying just what valuation should go on every property, regardless of improvements, locations, etc., but as a basis for getting a picture of what the current land market has been indicating as to dollar valuations in the various parts of the county.

As a safeguard in arriving at a specific dollar valuation for a particular grade of land, it should be recognized that the valuation placed upon a piece of land of a certain grade is, after all, soundest when it is in sound relationship to other grades of land. For each grade of land there is probably some range in valuation; for example, the valuation may vary from 10 per cent above a recognized average figure to 10 per cent below, which would take into account not only variations within the grade of land itself but would safeguard against failure to allow for non-soil influences. A point to keep in mind in making these assessments is that the general price level of land fluctuates from year to year and the value of certain classes of land shifts in respect to other classes. Though it is impossible to lay down hard and fast rules governing the conversion of land classes into dollar valuations for any single tract, common sense suggests some methods. Each of the several members of the county advisory group could submit his answers to question as follows:

> For land shown as having ratings 1 and 2, and neither run down very much nor built up very much it is my belief that the market of recent months would support values per acre centering on $____ per acre and varying (in exceptional cases) to $____ below and $____ above. Likewise, for land having ratings of 3 and 4, etc.

Once it has been settled that land rated 3 and 4 should range from (say) $40 to $50 or from $60 to $80 an acre, as suits the land market conditions of the time and place, and that land rated 7 and 8 should range between designated percentages of this as suits the local market conditions, the work of the assessing officials take on a new meaning. However, the assessing officials should take into consideration the buildings, home values, highways, community influences, and other conditions, internal and external, which effect some tracts more than others.

The Relationship Between Land Rating and Land Prices. Since the price level of land fluctuates from year to year, and since the values of some classes of land seem to shift with respect to other classes, it is impossible to lay down any rules governing the conversion of land and water ratings into land values.

Another factor creating considerable difficulty is that soil productivity and water rights are only two of the factors influencing the values of land, and most of the others are also dynamic. Consequently, land and water ratings could not be converted directly into land values even with a static or stationary price level.

The best method for converting land and water ratings into values is probably through the establishment for any given county of a table of what might be called "Base Values." To each land class would be assigned a base value uniform for that class over the entire county, and designed to represent the contribution of soil productivity and water right to value within the county.

From the work of the county advisory committee it would be relatively easy to calculate base values per acre for the different grades of land. Assume, for example, that the relationship between different land ratings were found to be as follows:

Land Class	Water Right				Dry and Grazing Land
	First Class	Second Class	Third Class	Fourth Class	
1	100	80	60	40	25
2	90	72	54	36	23
3	75	60	45	30	19
4	60	48	36	24	15
5		36	27	18	11
6			21	14	9
7				10	6
8					5

It is suggested that in any county a table be constructed showing these relationships. The best land should be taken as the standard of comparison and a definite value assigned. Then the lands rated lower in producing capacity may be fixed, either in dollars or as a percentage of the best land. For example, assume that it was agreed that the best land in the county, rated as number 1, should be assessed at $125 per acre. Then, using the relationships that have been determined by the county advisory committee, it would be possible to obtain the following base values for the other grades of land:

Calculation of base value per acre. Number 1 land equals $125

100% x $125 = $125
90 x 125 = 113
80 x 125 = 100
75 x 125 = 94
72 x 125 = 90
60 x 125 = 75
54 x 125 = 67
48 x 125 = 60
45 x 125 = 56
40 x 125 = 50
etc.

By constructing such a table of land values and land and water ratings for a given area, it will be possible for the assessors to check the base value of each land class against the other classes, and in this way to avoid unreasonable judgment of the value of any specific land class with which they are not thoroughly familiar.

In the assessment of any given tract, the assessor should, after the land and water ratings and corresponding base land values have been degermined, add to or subtract from the base value according to the various influences of other factors. For example two tracts with the same rating should not be assessed at the same value if one is located on a hard-surfaced road and the other is several miles away from any all-weather road. Nor should two tracts with the same rating and the same highway influence be assessed at the same value if one is free from weeds and the other is heavily infested with noxious weeds. In order to make an equitable assessment, the assessor will need to bear in mind that the productivity of land is only one of the factors in determining differences in value, and other factors cannot be neglected.

One of these factors is the land cover. The soils survey shows only the characteristics of the soil and its capacity to produce crops, assuming that it is used for crop production. The man who appraises or assesses the land must take into consideration whether the land is tillable or whether or not other conditions prevent its being tilled.

Another factor is location. Location with respect to roads and markets is an important non-soil factor. Community influence constitutes a third factor. This includes the availability of schools, churches, and other public or semi-public institutions influencing the value of land.

Location with respect to bonded indebtedness of quasi-governmental

institutions, school districts, irrigation districts, drainage districts, etc., has a decided influence upon land values.

Most of these points may very properly be considered as important factors, along with land and water ratings, in arriving at the assessed valuation of farm property. There is a possibility of giving too much influence to community conditions in evaluating land for an equitable assessment. Therefore, the extent to which these and other non-soil factors should be allowed to affect the assessment of farm land is a question which should be full discussed by a well informed county group.

This plan of arriving at the assessed value of farm lands could fit into the present assessing procedure with very little friction and could be adopted by the several counties independently or by the state as a whole. It is compatible with the recent reappraisal work, completed by the Tax Commission, of improvements to land. And the two should be made component parts of the assessing of farm real estate, inasmuch as improvements and land are parts of an economic unit, and both should be considered together in arriving at the true value of the economic unit.

VII. METHODS NOW USED IN ASSESSING RURAL LANDS IN CACHE COUNTY

The following method is used in arriving at the assessed value of rural lands in Cache County. This method is based on the judgment of an advisory group of representative farmers chosen from each taxing district, the county assessor and the county commissioners. The taxing officials admit that this method is not infallible, that errors in judgment often creep in, and that there is room for improvement in the classification of land for taxing purposes.

The classification of rural lands is made through inspection, by the county assessor, the county commissioners, and a representative group of farmers from each taxing district. Each individual parcel of land is inspected by this group and classified according to their best judgment.

The rural lands of Cache County are classified as follows: (1) Improved farm land, this class is in turn sub-divided into "improved dry land" and "improved irrigated land," (2) fruit land, (3) unimproved farm land, (4) grazing land, and (5) waste land. These classifications of land are in turn sub-divided into class "A" land, class "B" land, and class"C" land.

Class "A" land is the better grade of land in each classification. Class "B" land is an average grade of land in each classification. And class "C" land is the poorer grades of land in each classification.

After the land has been classified, the assessing officials are faced with the problem of changing these classifications into current local dollar value of land.

The method of procedure at this point is for the county assessor, the county commissioners, and the advisory group to set relative current market values for the different grades of land. These are tentative figures

which are later "equalized" by the county board of equalization and the tax commission.

After the base values of the various classes of land have been determined and equalized for each taxing district and for the county as a whole, it is a simple matter to determine the assessed valuation for any individual parcel of land. For example, assume that, upon examination of a 40-acre farm, it was found to consist of the following classes of land, 15 acres of grade "A" improved irrigated farm land, 8 acres of grade "B" improved irrigated farm land, 6 acres of grade "C" improved irrigated farm land, 7 acres of grade "B" unimproved farm land, 2 acres of grade "A" grazing land, and 2 acres of waste land; and that the relative value per acre was determined to be $110.00 per acre for grade "A" improved irrigated farm land, $60.00 per acre for grade "B" improved irrigated farm land, $40.00 per acre for grade "C" improved irrigated farm land, $15.00 per acre for grade "B" unimproved farm land, and $5.00 per acre for grade "A" grazing land.

The computation of the assessed value of this farm would be as follows:

$100.00	x 15 acres	of grade "A" improved farm land	=	$1,500.00
60.00	x 8 acres	of grade "B" improved farm land	=	480.00
40.00	x 6 acres	of grade "C" improved farm land	=	240.00
15.00	x 7 acres	of grade "B" unimproved farm land	=	105.00
5.00	x 2 acres	of grade "A" grazing land	=	10.00
	2 acres	of waste land	=	-
Total assessed value of farm - - - - - - - - - - - - - -				$2,335.00

The classification of land now in use was made by the assessor and county commission prior to 1934. The present assessor admits that there are serious flaws in the classification arising from obsolete data and errors in judgment on the part of the groups which originally made the classification. The present assessor and county commissioners are correcting these flaws as soon as they are evident and as fast as time and funds will permit.

VIII. INEQUALITY IN THE ASSESSMENT OF RURAL LANDS IN CACHE COUNTY.

General Procedure in Assembling Data. To determine what inequalities of assessment exist between individual rural lands, since it is assumed that the tax commission has "equalized" the assessments of improvements in its reappraisal work recently completed, 788 bona fide sales of improved farm land in Cache County have been examined. Through the courtesy of the County Assessor, County Treasurer, and County Recorder all of the basic data describing these sales were obtained covering the years 1930 to 1939, inclusive. Each sale[1] was entered separately on individual cards showing the date of transfer, the description of the land sold, the location of the property, i.e., in what taxing district it is located, the stencil number, number of acres, sales price, assessed valuation of each parcel, and grades of land in each parcel.

In order that the results might be reasonably representative of conditions existing throughout Cache County, data were taken from all of the taxing districts in the county.

Rural lands were considered to be those lands that lie outside of incorporated town and/or city limits, with the exception of Lewiston.[2] Table 2 shows the distribution of the bona fide sales included in this sample, by taxing district and by size groups on which data were obtained for comparison between rate of assessment and sales price. The total acreage of land represented in this sample consists of 13.2 per cent of all taxable, improved farm land in Cache County.

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1. A sale of a piece or pieces of property may consist of more than one parcel; a parcel of property may consist of from 1 to 640 acres of land.
2. In Utah a large number of the farmers have their homes and farm buildings inside of incorporated towns. This property is classed as urban property. In the majority of the cases the property surrounding these towns represent the rest of the farm unit. Lewiston, however, is an exception. The incorporated limits of Lewiston comprises the entire taxing district, taking in both rural and town property.

Table 2. Distribution of bona fide sales, by size groups and taxing districts Cache County.

Taxing District	All groups	Size groups, based on sales price (bona fide sales)							
		Below $499	$500-$999	$1000-1499	$1500-1999	$2000-2499	$2500-3499	$3500-4499	$4500 & over
Total	788	199	177	119	86	62	67	23	55
Avon & Paradise	46	9	6	4	9	4	13	1	-
Hyrum	97	36	19	18	12	5	5	1	1
Millville & Nibley	35	16	5	3	3	4	-	-	4
Providence & River Heights	48	14	12	7	4	2	5	2	2
Logan	77	15	21	12	10	6	5	4	4
North Logan and Hyde Park	71	13	26	6	10	7	5	-	4
Smithfield	67	18	14	11	9	5	5	1	4
Richmond & Cove	37	10	10	6	7	1	1	2	-
Wellsville	61	14	9	13	2	8	6	3	6
Mendon, Petersboro and Benson	32	9	7	4	3	1	2	1	5
Lewiston	85	17	11	17	9	7	7	4	13
Trenton	48	9	10	6	3	5	8	2	5
Clarkston & Cornish	21	9	5	1	-	2	-	1	3
Newton & Amalga	36	8	12	5	3	4	2	-	2
College	27	2	10	6	2	1	3	1	2

Inequalities Between Large and Small Properties. There is a general tendency in Cache County to assess small pieces of improved farm land at a higher per cent of the full cash value[1] of such properties than the larger properties of improved farm land. Consequently, owners of small pieces of property are required to pay a higher tax, in proportion to the full cash value of their properties, than are the owners of large properties. This is shown in table 3 and figure 1, which give the average assessed valuation in per cent of sales price over a period of 10 years.

The average assessed valuation of improved farm land, together with the improvements appertaining thereto, was 57.50 per cent of the sale price.

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1. Sales price and full cash value are considered synonymous in this report. Full cash value has been defined by the courts as the price that a piece of property would bring at a voluntary sale, where the owner is ready, able, and willing to sell but not compelled to, and the buyer is ready, willing, and able to buy, but not forced to. It is assumed the bona fide transactions approach these conditions; while it is admitted that the price paid for a piece of real estate in any given transaction can be nothing more or less than the expression in terms of money of the judgment of two interested parties as to the value of that property to themselves; also that any two other interests could as properly, and more often than do not do, agree upon an entirely different figure for the same piece of property. Further, when two parties agree between themselves to buy and sell it does not follow that the judgment of both, even though not affected by any other extraneous matters, is infallible as to the justified value of that particular piece of property. However, variations in judgment of numerous buyers and sellers should tend to equalize each other, so that the true market value of land should be evident.

   To verify the results of using sales price as the true market value or full cash value, appraisals were obtained which were used for the purpose of making loans on a limited number of parcels included in these data. Although the ratio of assessed value to appraised value was higher than the ratio of assessed value to sales price, that was to be expected, inasmuch as these appraisals are a rather conservative estimate of the properties' true value. The same general tendency to over-assess small properties and to under-assess large properties was evident.

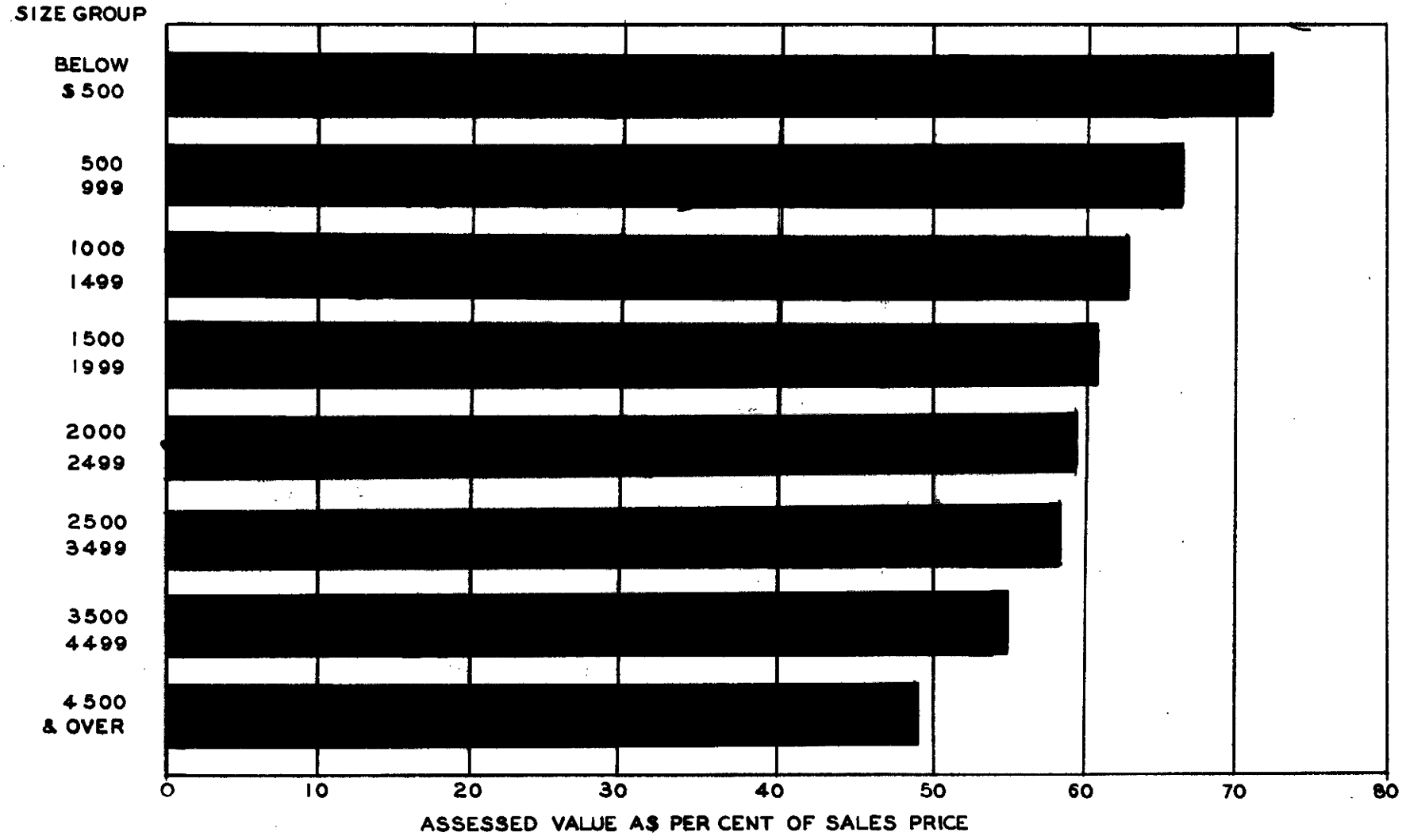

FIGURE 1_ ASSESSED VALUE OF IMPROVED FARM LAND AS PER CENT OF SALES PRICE BY SIZE GROUP

The smallest size group considered shows an average ratio of assessed valuation to full cash value of 72.33 per cent, whereas, for the largest parcels of real estate the ratio of assessed valuation to full cash value was 49.08 per cent, or an average difference between the large properties and the small properties of 23.25 per cent.

The Effect of Improvements Upon Assessment Ratios. Inasmuch as the majority of the farm buildings of the farm units in Cache County lie inside of incorporated town limits, and since data used were so selected that none of this property appeared in the sample, the majority of the parcels of land had no improvements appertaining to them. However, a number of parcels (165), did have improvements upon them. It is probable that perhaps the improvements on the small pieces of property could be responsible for this difference in ratios of assessed valuation between size groups; since improvements represent a smaller per cent of the aggregate sale price of the items of farm real estate in the larger size groups, and since the State Tax Commission has recently completed the revaluation and equalization of improvements in Cache County.

The exact amount to which improvements are assessed at a different ratio to sales price cannot be shown statistically because separate sales of improvements and land seldom occur. However, it is possible to compare the ratio of assessed value to sales price between properties with improvements and properties without improvements.

The same general tendency to assess small parcels of property at a higher per cent of the full cash value than the larger properties is evident when only properties with fixed improvements are considered. There is, however, an accentuation of this ratio between the two smallest-size groups and the two largest-size groups with a leveling out or equalization of the middle-size groups. This is shown in table 3 and

figure 2, which give the average assessed valuation in per cent of sales price for each of these classifications.

Table 3. Assessed valuation of improved farm land as per cent of sales price in Cache County, by size groups, for 10-year period, 1930-1939.

Size Groups	Weighted average of columns 3 and 4	Improved farm land	
		With improvements	Without improv't.
(1)	(2)	(3)	(4)
Average	57.50	56.64	58.51
Below $ 500	72.33	(a)	70.98
500-999	66.51	70.08	63.83
1000-1499	62.89	65.00	60.17
1500-1999	60.63	63.06	58.21
2000-2499	59.26	63.00	56.50
2500-3499	58.25	61.15	55.00
3500-4499	55.00	55.33	53.43
4500 & over	49.08	49.02	50.02

(a) There was an insufficient number of parcels of property in this class to compute a reliable average.

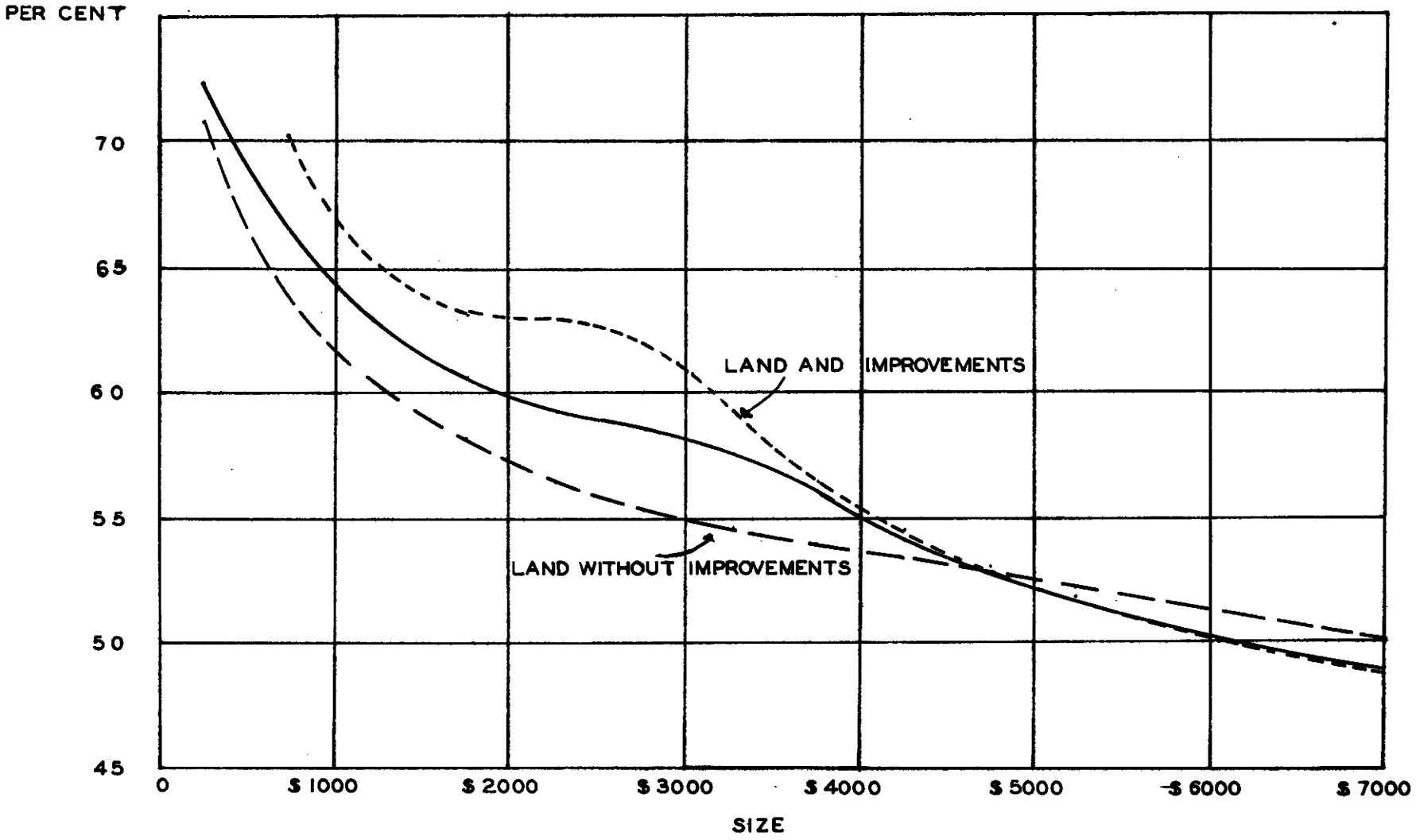

FIGURE 2 _ THE EFFECT OF IMPROVEMENTS UPON THE RATIO OF ASSESSED VALUE TO SALES PRICE

From inspection of the foregoing chart and table it is evident that properties with improvements are assessed at a higher ratio to true value than are properties without improvements. This is probably due to the reappraisal and equalization of improvements which the Tax Commission has been sponsoring. But it should be remembered that the law requires that all property be assessed at full cash value or at a uniform ratio to full cash value. No place in the law can be found that permits a different rate for land than for improvements, nor can there be found permission to assess land with improvements at a rate different from that used for land without improvements.

Likewise, the assessment of land separately from the improvements appertaining thereto is untenable. This method of assessing property is untenable in that the separation of the component parts of an economic unit occurs without regard to the proportion each plays in producing an income to the property owner. It stands to reason that since income property, consisting of land and improvements, is an entirety in producing benefits to the property owner in the form of net earnings upon which rest the value of the entire property, it should be taken as a whole, and not in the fractional parts added together, to derive the total value.

Probable Reasons for Overassessment of Small Properties. Although it is difficult to find and measure specific reasons for this apparent overassessment of small properties, when compared with the assessment ratio of larger properties, a number of possibilities should be considered. The possibility of discrimination between property owners for political reasons could possibly explain some of the difference in ratios of assessment. The State Tax Commission found that this was one of the reasons for dispartities occurring between rates of assessment for improvements, but the examination of the data used has failed to reveal that this was a

probable cause for disparities between rates of assessment for farm lands. It is admitted that the individual owner of large properties is apt to have more political prestige and political power than the individual owner of small properties. However, it is possible that other factors could be responsible for this apparent political favoritism. The possible factors could be (1) the greater impressiveness of large numbers, and (2) the aggravation of disparities through blanket changes of the assessed valuation.

The general under-assessment of large properties could be possibly due to a proportionately greater impressiveness of large numbers, For example, assume two pieces of farm land, differing in size but located in the same taxing district, and owned by different taxpayers. Assume further that the one parcel was assessed at $250.00 while the other parcel was assessed at $5,000.00. Suppose still further, that when the assessment for the next year is made, that it is necessary for a 15 per cent increase in the assessed valuations to be made. An increase in the assessed valuation of $37.50 on the small piece of property is not as likely to make as much impression on either the mind of the assessor or the taxpayer as will the $750.00 increase on the larger piece. The assessor may make his assessments with the best intention to assess all property uniformily, but, because of the greater impressiveness of large numbers, he may hesitate to make as a proportionately large increase in the assessed valuation of the large properties than in the assessed valuation of the smaller properties.

When these two taxpayers receive their notices of valuation, the owner of the large piece is more apt to complain to the assessor and/or county board of equalization for the impressiveness of large numbers applies equally well to the property owner as to the assessor. An increase

of $750.00 in assessed valuation will exert a greater influence in the taxpayer's mind than will an increase of $37.50, even though the increase in assessed value on the larger piece is in direct proportion to the increase on the smaller piece.

Likewise, when the taxes are computed, the large property owner is more apt to complain than is the small property owner. Suppose that in this taxing district the mill levy were 30 mills per thousand dollars of valuation. The increase in the amount of taxes that each is required to pay is $1.03 for the small property owner and $22.50 for the large property owner. It may not be profitable for the small property owner to make a trip to the county seat and meet with the board of equalization; but if the large property owner could obtain a reduction in the assessed valuation of his property, he could profitably make such a trip. Thus the small property owner is more liable to suffer a disadvantage silently and perhaps unknowingly.

Assuem that the Tax Commission, upon the examination of the rates of assessment in this particular taxing district, found that the type of property under which these two parcels would fall was under-assessed when compared with the assessments of other types of properties in this taxing district and throughout the state. Assume further that the small piece of property was assessed 70 per cent of its full cash value and that the large piece of property was assessed at 30 per cent of its full cash value; and that the Tax Commission ordered a blanket raise in the assessed valuations of the type of property to which these two belong. The effect would be to aggravate the disparities between the assessment ratios of these two properties. The new assessed valuations for these two properties would be 77 per cent of the full cash value for the smaller piece and 33 per cent of the full cash value for the larger piece. Or the

disparities between the assessment ratios would be aggravated by 4 per cent between these two properties.

Consequences of Over Assessment of Small Properties. As a consequence of the higher rate of assessment ratio for small parcels of improved farm land, they are required to bear a portion of the taxes which the law intends to be borne by the larger parcels of property. In other words, the owners of small parcels of real estate are required to pay part of the taxes which should be paid by the owners of large parcels of property. Tables 4 and 5 show, in per cent, the excess taxes which the small parcels of improved farm lands were required to pay during the last 10 years because of differences in assessment ratios between large and small properties. They also show the reduction in taxes on large parcels and the per cent of the total tax misplaced because of this difference in assessment ratios.

Table 4. Assessed valuation and approximate tax levy per $100 of sales price of improved farm land; and excess tax levy per $100 sales price on average pieces of property and total sales price.

Size group	Assessed Value per $100 of Sales price	Tax Levy on $100 sales price	Total Tax above or below average	Sales price of average piece of property	Total sales price	Excess tax levied		Total Tax
						On average piece of property	On total sales price	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Below $ 500	$72.33	$1.97	$0.40	$ 242.	$ 48,129	$ 0.97	$192.52	$ 948.14
500-999	66.51	1.82	.25	627.	111,018	1.57	277.55	2,020.53
1000-1499	62.89	1.72	.15	1,119.	133.257	1.68	199.89	2,292.02
1500-1999	60.63	1.66	.09	1,698.	146,076	1.53	131.47	2,424.86
2000-2499	59.26	1.62	.05	2,276.	141,116	1.14	70.56	2,286.10
2500-3499	58.25	1.59	.02	2,916.	195,383	.58	39.08	3,106.59
3500-4499	55.00	1.50	-.07	3,717.	85,488	-2.60	-59.84	1,282.32
4500- & over	49.08	1.34	-.23	6,932	381,289	-15.94	-876.96	5,109.27

Computation of table 4:

Columns 1, 2, 5, and 6 are self explanatory.
Columns 3 was computed by multiplying the mill levy ($.0273) by column 2.
Column 4 is the deviation of each size group from the average tax rate per $100 of sales price for all groups.
Column 7 was computed by multiplying column 5 by column 4 and dividing by 100.
Column 8 was computed by multiplying column 6 by column 4 and dividing by 100.
Column 9 was computed by multiplying column 6 by column 3 and dividing by 100.

Table 5. Decrease in taxes on large properties, increase on small properties, and per cent of total taxes misplaced because of inequalities between assessment ratios of large and small parcels of property.

Decrease in tax on large properties	12.78%
Increase in tax on small properties	7.49%
Total tax misplaced because of inequalities in assessment ratios	4.75%

It is evident, from table 3, 4, and 5, that small parcels of improved farm lands are generally over-assessed, and that the small properties included in this study were required to bear about 12.78 per cent of the taxes which, according to law, should have been borne by the larger properties.

If the data used in this study are fairly representative of the conditions existing throughout Cache County, it is possible to estimate the amount of taxes which were wrongfully levied upon small parcels of improved farm land because of over-assessment. Excess taxes levied on the small pieces of farm land, as represented in table 4 and 5, were 4.75 per cent of the total levy. This per cent was applied to the total taxes levied against improved farm land in Cache County. The results are shown in table 6:

Table 6. Probable amount of taxes wrongfully levied on small parcels of improved farm land in Cache County, 1930 to 1939, inclusive.

Year	Taxes levied on improved farm land (a)	Excess taxes wrongfully levied on small parcels
1930	$236,126	$11,216
1931	246,611	11,524
1932	166,288	7,899
1933	150,378	7,143
1934	142,470	6,767
1935	143,479	6,815
1936	116,244	5,522
1937	126,233	5,996
1938	124,871	5,931
1939	127,534 (b)	6,057
Total		$72,870

(a) State Tax Commission Reports, 1931-1938, passim.
(b) County Auditor's Recapitulation of Taxes Levied, 1939.

This discrimination against small properties certainly must be a hinderance to farm ownership and must lower the standard of living of those who make their living operating small farms. Those who are about to begin their careers as farmers usually buy a small parcel at first. The large farms are beyond the reach of the majority of these prospective farmers; and the small farms are made less profitable by shifting part of the taxes which should legally be paid by the owners of the large properties on to them.

Because of this apparent discrimination against small properties, the owners of these properties are deprived of seven $1,000.00 automobiles

a year. Or, they are deprived of two $3,600.00 homes a year; or approximately 60 acres of improved farm land a year; or one hundred and forty-five $50.00 radios a year; or forty-eight $150.00 electric refrigerators a year; or seventy-three $100.00 washing machines a year; or 24,290 pounds of 30-cent butter. The foregoing illustrations are used to emphasize more fully the effect of unequal assessments upon the standard of living of the small farmer, and the interpretation should not be that if there was equality in the assessment of farm property that 7 additional small farmers would be able to buy a new automobile each year, or 2 new homes, etc. However, it does show the rank injustices that exist in unequal assessments of farm property.

Inequalities Among Individual Properties. Unequal assessments between large and small parcels of improved farm land are not the only inequalities existing in assessment ratios in Cache County. Wide discrepancies also exist between the assessment ratios of individual properties. When it is said that small properties are assessed at 72 per cent of their sales price, this does not mean that all small properties are assessed at exactly that ratio. Some may be assessed at 125 per cent of their sales price, while others may be assessed at 50 per cent of their sales price. The same holds true with large properties. Some may be assessed at 30 per cent of their sales price, while others may be assessed at 90 per cent. It will be remembered that the average ratio of assessed valuation to sales price was 57.50 per cent. This does not mean that all the properties included in this study was assessed at exactly 57.5 per cent, but some of them were dispersed around this average. Absolute equality would exist if all these properties were assessed at 57.5 per cent of true value. But everyone is fully aware that complete equality in assessment is unattainable, and that approximate equality is the only

practical goal. Full equality is approached as the proportion of all items are more closely concentrated about the average. If it is possible to measure the degree of scatter or deviation of each individual assessment ratio from the average ratio, it is possible to measure or tell to what degree inequalities exist between the assessment ratios of individual properties. To measure this degree of dispersion from the average assessment ratio, 57.50 per cent, a coefficient of dispersion has been used.[1]

The coefficient of dispersion for the 10-year period, when inequalities between the assessment ratios of individual properties, are considered, was .3331. This means that insofar as these 788 sales of farm property are concerned, 16.65 per cent of the total tax burden on these over-assessed properties was levied in excess of legal requirements.

As a measure of the degree of progress in equalization which has occurred over the last 10-years, the coefficient of dispersion was computed

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1. To disperse means to scatter, thus, dispersion about an average means the scatter about the average and to say that several items or widely dispersed means that they are widely scattered. The coefficient of dispersion is a measure of the degree of scatter of the several items about the average. If all items were assessed at 57.5 per cent of their true value, there would be no dispersion and the coefficient of dispersion would be zero. But if one property was assessed at 30 per cent of its true value, while another was assessed at 60 per cent of its true value, and another was assessed at 130 per cent of its true value, it could be said that they were widely scattered or the dispersion was great. To express the inequalities in assessment ratios in terms of the coefficient of dispersion the following steps are necessary:

   (1) Add the 3 items and divide by 3 to find the average ratio of assessment to true value; (2) find the difference between this average and each item by subtraction; (3) add these differences paying no attention to minus signs; (4) divide by 3 (the number of items) to find the average deviation; (5) divide the average deviation by the average rate of assessment for the 3 items. This gives the coefficient of dispersion.

   To determine the amount, in per cent, of taxes which are misplaced, it is necessary to divide the coefficient of dispersion by 2; since, half of the tax burden would necessarily fall on each side of the mean.

Effect of the Change of Assessors on Inequalities. This retrogression can possibly be explained by the "equalization" efforst on the part of the Tax Commission in reappraising improvements with the consequent accentuation between properties in assessment ratios. Another factor that could be responsible for this retrogression is the change that occurred in the assessor's office. A new assessor was elected in 1934, which is the next preceding year before a marked increase in the coefficient of dispersion. In all fairness to the present assessor it should be stated that the old county assessor had had experience of assessing property for tax purposes before 1930, whereas the new assessor had had little experience in the assessment of property for tax purposes before 1935. This is an illustration of one of the glaring weaknesses of our present system, viz., that assessors should be selected for ability and qualification and given a permanancy of office. It is a criticism of the system and not of the individual.

Table 7. Coefficient of dispersion between assessment ratios of individual properties, irrespective of size, in Cache County

Year	Coefficient of dispersion
1930	.3393
1931	.3128
1932	.3105
1933	.3160
1934	.3118
1935	.3703
1936	.3676
1937	.3558
1938	.3343
1939	.3124

It should be noted that the new assessor has become more skillful in assessing properties equally as he acquires more experience in the valuation of property; likewise, he has become more skillful in the valuation of properties for tax purposes than was the old assessor. This can be seen when the last year of the first term of office and the first year of the second term of office is compared for each man. If Cache County is going to experience another retrogression in equalization with the election of a new assessor, it would be wise, in the interest of equal and just taxation, to retain the present assessor in office as long as feasible.

Inequalities Among Taxing Districts. When the degree of inequality in the valuation if improved farm land, irrespective of size, between taxing districts is considered, a coefficient of dispersion of .0407 is obtained, indicating that the problem of equalization is one for the assessor rather than for the board of equalization or the Tax Commission.

When size of the individual properties are considered, irrespective of location, the average inequality of assessment is .0942. This means that 4.71 per cent of the total tax levied on the property included in this study was placed on small properties in excess of legal requirements, because of over-assessment. This figure is reasonably near the figure arrived at by another method.

IX. CONCLUSIONS

In these efforts to measure the degree of equality in the valuation of farm land for tax purposes, a few facts stand out that deserve to be summarized:

(1) That inequalities exist between the assessment ratios for individual parcels of improved farm land irrespective of size and location.

(2) That inequalities exist between large and small properties.

(3) That inequalities between taxing districts are relatively unimportant when compared with other inequalities that exist.

(4) The foregoing facts indicate that the greatest inequalities occur at the assessor's point of contact with the property.

(5) That the election of a new assessor, not familar with assessing properties, may cause retrogression in the equalization efforts rather than progression.

(6) That the assessor should be selected on ability and qualifications and given a permanency of office.

(7) That the greater relative impressiveness of large numbers are apt to cause disparities to exist between assessment ratios for individual properties.

(8) That blanket raises may aggravate the disparities already exisiting between assessment ratios.

X. SUMMARY

1. The history of the general property tax is replete with gross inequalities and rank injustices. The assessment of property has been unsatisfactory and equalization inadequate, so that unequal tax burdens, high delinquencies, and unnecessarily high tax rates have existed.

2. No major attempt to correct these abuses was successfully initiated until the Tax Commission was created in 1931.

3. Although the general property tax has been declining in importance during the last decade, it is still the major source of revenue for state and local taxes.

4. The present method of determining the assessed value of rural lands in Cache County is empirical. The present method is based entirely on judgment and there are admitted flaws which the taxing officials are trying to correct.

5. To determine what inequalities exist between the assessment ratios of individual parcels of farm land, in Cache County, data on 788 selected sales were gathered and analyzed.

6. It was found that inequalities exist between the assessment ratios for individual properties of improved farm land, in Cache County, irrespective of size or location of farm properties.

7. Small properties are required to bear 12.78 per cent of the taxes which, rightfully and legally, should have been borne by larger properties.

8. Improvements on farm land tend to accentuate the disparities in assessment ratios between small parcels of farm property and large parcels of farm property.

9. Inequalities between taxing districts are relatively unimportant when compared with the other inequalities that exist.

10. The foregoing facts indicate that the source of the greatest

inequalities in farm land assessments, in Cache County, is at the assessor's point of contract with the property.

11. The election of a new assessor, not familiar with the procedure of assessing properties for taxation purposes, may cause retrogression in equalization rather than progression.

12. The relative impressiveness of large numbers may cause disparities to exist between assessment ratios for individual properties.

13. Blanket adjustments tend to aggravate disparities between assessment ratios.

14. A systematic plan of rural land appraisal has been developed which embodies certain fundamental principles of land appraisal. This plan is compatible with the recent reappraisals of improvements and could be conducted under the auspices of the state or county governments.

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